Interim Results Presentation

23rd August 2011

Capital & Regional

Agenda

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Introduction

Highlights

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- Strong growth in net assets per share of 12% driven by:
  - Recurring pre-tax profit of £8.8m
  - Property valuation increase of £5.7m
- Further de-gearing achieved both on disposals and through paydown of debt:
  - See-through net debt to property value of 64% (3 main UK funds - 54%)
  - Net debt to equity ratio of 24%
- Refinancing of German portfolio debt means no significant refinancing events until 2013
- Asset management and development pipeline gathering momentum. Lincoln acquisition successfully bedded in
- Disciplined approach towards the acquisition of other assets

Financial Highlights

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	June 2011	December 2010	June 2010
Net assets per share	**£0.56**	£0.50	£0.42
EPRA net assets per share	**£0.63**	£0.57	£0.52
Gearing (net debt to equity)	**24%**	29%	33%
Recurring pre-tax profit	**£8.8m**	£14.9m	£8.9m

Operational Review

Operational Highlights

- Affordable rents and desirability of space driving impressive new letting activity, above ERV:
  - 53 new lettings in the period at 4.9% above ERV
  - Successful completion of 78 rent reviews (6.9% uplift to previous rent)
  - Settlement of 31 lease renewals at 4.2% above ERV
- Total UK fund occupancy 94.9%, up 0.8% from June 2010
- UK funds passing rent £149.7m, up 2% from June 2010
- UK funds contracted rent £156.5m, up 3% from June 2010
- Delivery of key lettings ahead of disposals in The Mall and The Junction
- Sale of four properties during 2011 for £261.9 million (including Junction Maidstone in August)

New Lettings & Rent Reviews Snapshot – UK Funds

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H1 2011	Mall	Junction	X-Leisure	Total UK
New lettings				
Number	43	2	8	53
Rent	£3.4m	£0.3m	£0.3m	£4.0m
Comparison to ERV	↑ 2.1%	↑ 8.3%	↑ 33.2%	↑ 4.9%
Rent reviews				
Number	42	4	32	78
Rent	£4.6m	£0.8m	£4.4m	£9.8m
Uplift in rent	↑ 5.2%	↑ 5.5%	↑ 8.8%	↑ 6.9%

Trading Snapshot – UK Funds

	Occupancy	Passing rent	Contracted rent
Mall	↑ **Jun 11: 95.0%** Dec 10: 95.9% Jun 10: 94.0%	↑ **Jun 11: £87.4m** Dec 10: £88.0m Jun 10: £86.4m	↑ **Jun 11: £93.4m** Dec 10: £93.0m Jun 10: £90.1m
Junction	↑ **Jun 11: 94.7%** Dec 10: 96.3% Jun 10: 94.2%	↑ **Jun 11: £21.4m** Dec 10: £21.1m Jun 10: £20.5m	↑ **Jun 11: £21.9m** Dec 10: £22.2m Jun 10: £21.5m
X-Leisure	↑ **Jun 11: 95.0%** Dec 10: 95.3% Jun 10: 94.3%	↑ **Jun 11: £40.9m** Dec 10: £40.7m Jun 10: £40.0m	↑ **Jun 11: £41.2m** Dec 10: £41.3m Jun 10: £40.1m

Trends show June 10 to June 11 movement

UK Asset Management Highlights

- Success of extensions in The Mall Luton and The Mall Blackburn demonstrate track record of delivery on developments:
  - Luton - new lettings to Tiger Retail as well as Costa, Toby Inns and Jimmy Spices to successfully complete the food element of the redevelopment
  - Blackburn - new lettings to Specsavers, JD Sports, Harvey & Thompson and Bet Fred with all but three units in the new extension now let
- Amalgamation of smaller units into single LSUs – The Mall Sutton Coldfield (Sports Direct) and The Mall Middlesbrough (99p Stores)
- Extension of established Primark store in The Mall Wood Green
- Successfully delivering lease renewals: Arcadia and WH Smith in The Mall Luton
- Driving value at The Junction Swansea by securing new letting to DSG prior to disposal
- Transformation of The Junction Thurrock via lettings to Boots and GAP

The Mall Luton Lettings

Costa Coffee, Luton

- Vacant development Unit
- 10 year lease (break at yr 6)
- At ERV
- 6 months rent free

Jimmy Spices, Luton

- Vacant development unit
- 15 year lease
- 7.5% above ERV
- 12 months rent free followed by 24 months at half rent

Tiger Retail, Luton

- Vacant development unit
- 10 year lease 5 yr break
- At ERV
- 6 months rent free

Germany Asset Management Highlights

- Return on investment of 14.9% per annum
- Resilient occupancy of 95.7% and stable passing rent of €43.9m at June 2011
- Ingelheim - Lease extension for 15 years to Real
- Koln Gremberg – Significant lease extension until 2024 by Real
- Successful extension of €162.3m portfolio debt for three years and recognition of £3.9m on the junior debt acquired at the end of 2010
- Strategic recycling of dry, institutional assets planned to release capital for acquisition of properties with greater asset management potential

2011 Interim Results

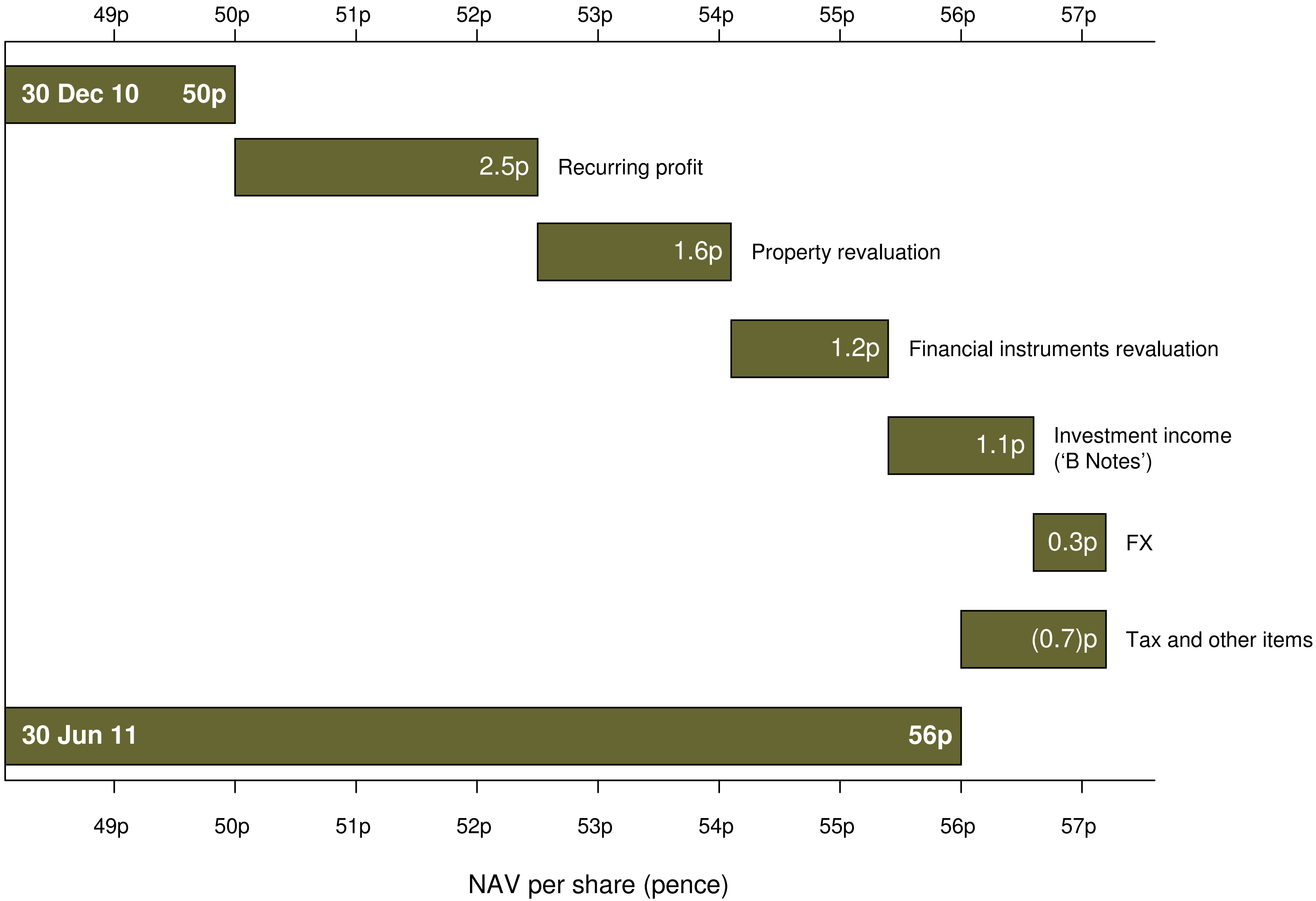
Financial Results

	June 2011	December 2010	June 2010
Balance sheet			
Property under management	**£2.7bn**	£2.8bn	£2.9bn
NAV	**£195.8m**	£174.5m	£146.2m
Net assets per share	**£0.56**	£0.50	£0.42
EPRA net assets per share	**£0.63**	£0.57	£0.52
Group net debt	**£47.0m**	£49.8m	£47.8m
See-through net debt	**£451.9m**	£464.7m	£502.8m
Gearing (net debt to equity)	**24%**	29%	33%
See-through debt to property value	**75%**	76%	81%
See-through net debt to property value	**64%**	66%	71%
Income statement			
Profit before tax	**£21.2m**	£46.4m	£17.5m
Recurring pre-tax profit	**£8.8m**	£14.9m	£8.9m

Constituents of NAV

	Property assets (£m)	Other net liabilities (£m)	NAV (£m)	% of NAV (%)	Net debt to property value (%)
Funds					
Mall	191.1	(128.7)	62.4	31.8%	57%
Junction	45.4	(22.4)	23.0	11.8%	47%
X-Leisure	64.7	(36.0)	28.7	14.7%	51%
FIX	27.2	(25.6)	1.6	0.8%	90%
Total	328.4	(212.7)	115.7	59.1%	57%
JVs & other associates					
Braehead	22.7	(19.8)	2.9	1.4%	93%
Germany	258.5	(206.3)	52.2	26.7%	74%
Other	12.9	1.0	13.9	7.1%	48%
Total	294.1	(225.1)	69.0	35.2%	74%
Wholly–owned					
Hemel Hempstead	10.0	(5.5)	4.5	2.3%	61%
Great Northern	70.7	(65.2)	5.5	2.8%	89%
Total	80.7	(70.7)	10.0	5.1%	86%
Other					
Working Capital	-	1.1	1.1	0.6%	-
Group total	**703.2**	**(507.4)**	**195.8**	**100.0%**	**64%**

Net Assets Per Share Movement



Recurring Pre-Tax Profit

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	H1 2011	Change v. H1 2010
	£m	**£m**
Asset management fees	**4.3**	0.1
Service charge & other fees	**1.9**	(1.2)
Fixed management expenses	**(3.7)**	1.0
Property management	**2.5**	(0.1)
UK property investment	**4.9**	0.7
Germany property investment	**3.6**	(0.2)
SNO!zone	**0.3**	-
Non-segment items	**(2.5)**	(0.5)
Recurring pre-tax profit	**8.8**	**(0.1)**

Profit Before Tax

	H1 2011 £m	H1 2010 £m
Recurring pre-tax profit	**8.8**	8.9
Property revaluation	**5.7**	14.1
Profit on disposal	**0.4**	0.9
Financial instruments revaluation	**4.1**	(6.6)
Investment income	**3.9**	-
Other non-recurring items	**(1.7)**	0.2
Profit before tax	**21.2**	**17.5**

Group Net Debt

	Debt at 30 June 2011[1] £m	Loan to value at 30 June 2011[2] %	Average interest rate[3] %	Fixed %	Duration to loan expiry (years)
£58m core revolving credit facility	-		n/a	-	2.2
Great Northern	62.9	87%	6.27	96%	2.3
Hemel Hempstead	6.1	61%	3.30	-	1.3
Group debt	69.0		6.00	87%	2.2
Cash and cash equivalents	(22.0)				
Group net debt	47.0				

[1] excluding unamortised issue costs
[2] borrowings (excluding unamortised issued costs) divided by investment property at fair value
[3] in the case of variable rate loans, based on LIBOR at 30 June 2011 plus the appropriate margin

Off Balance Sheet Debt

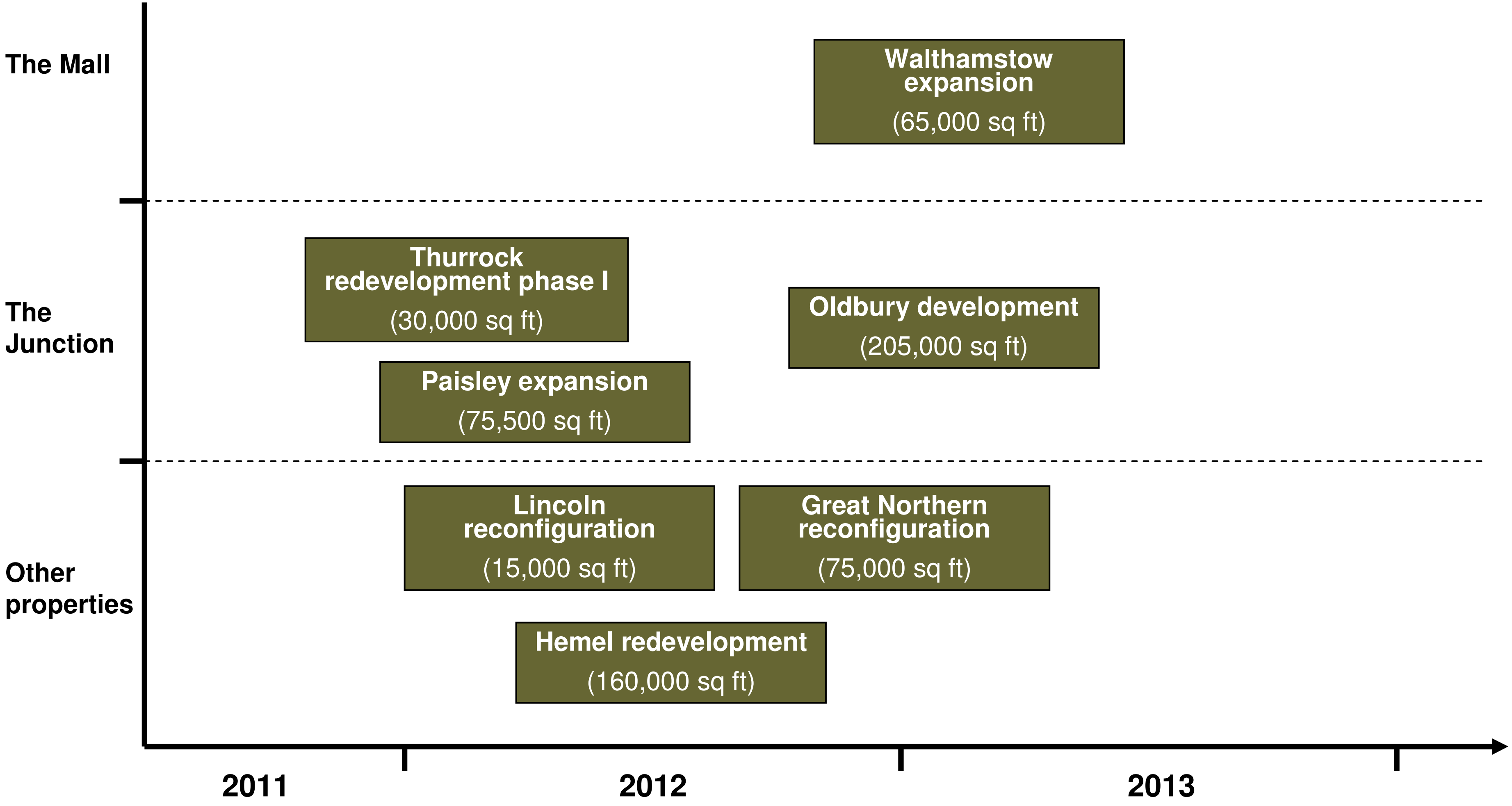
Group share	Debt at 30 June 2011[1] £m	Net debt at 30 June 2011 £m	Loan to value at 30 June 2011[2] %	Average interest rate %	Fixed %	Weighted average duration to expiry (years)
The Mall	**129.2**	**109.3**	**71%**	5.19	100%	3.8
The Junction	**27.1**	**21.3**	**57%**	6.77	99%	2.8
X-Leisure	**35.5**	**32.7**	**54%**	6.51	99%	2.6
FIX UK	**25.2**	**24.6**	**92%**	6.58	79%	1.7
German joint venture	**209.5**	**198.7**	**81%**	4.55	93%	2.2
Braehead	**22.8**	**21.4**	**89%**	3.83	75%	3.2
Lincoln	**6.8**	**6.3**	**53%**	4.70	100%	3.7
Other[3]	**n/a**	**(1.3)**	**-**	-	-	-
Off balance sheet	**456.1**	**413.0**		5.12	95%	2.8
German debt adjustment[4]	**(8.1)**	**(8.1)**				
Adjusted off balance sheet	**448.0**	**404.9**				

[1] excluding unamortised issue costs
[2] borrowings (excluding unamortised issued costs) divided by investment property at fair value
[3] off balance sheet cash held in other associates and joint ventures
[4] debt adjustment for the Group's share of the €18 million German junior debt acquired in December 2010

Asset Management & Development Pipeline

Pipeline - Summary

"Our strategy is to add value to our existing portfolio through active asset management and development in response to retailer demand, market conditions and available funding"



Pipeline – Details

Thurrock - The Junction (phase I)	- Planning application submitted for a 30,000 sq ft redevelopment of the Odeon cinema heads of terms in place with tenants on 75% of the space
Paisley - The Junction	- Planning permission granted for new 54,000 sq ft terrace adjacent to the current scheme; currently in discussions with a number of retailers - expect to have contracted 65% of space by end of year - Application in progress for non-food retail of 21,500 sq ft on the former Menzies site which is also in the fund ownership
The Waterside Shopping Centre, Lincoln	- Reconfiguration proposals in preparation to create a large format retail space capable of satisfying national fashion retailer requirements for the city - Current design proposals will create 15,000 sq ft additional lettable space within existing envelope and improve the centre layout and circulation - Advanced stage negotiations underway with two leading fashion retailers to occupy key elements of the reconfigured space - Construction work anticipated to commence in early 2012

Pipeline – Details

Hemel Hempstead	- This 160,000 sq ft leisure property incorporates: an eight screen cinema, two nightclubs, 10 pin bowling, ice skating, Waterworld swimming complex, Pizza Hut and Burger King, with approximately 930 car parking spaces - We are currently assessing a comprehensive redevelopment and re-branding of the scheme with the swimming complex and nightclubs being replaced by family orientated branded restaurants. - Local authority is supportive
Great Northern	- Reconfiguration opportunities include re-gearing leases to release and re-let up to 75,000 sq ft of existing space, improving the property's vitality and longer term investment performance - Alternative options to substantially redevelop and add space are also being progressed in parallel, since tenant demand has indicated a potential development opportunity
Oldbury - The Junction	- This year we intend to submit a variation to the current planning consent for a 205,000 sq ft Open A1, bulky goods, leisure and A3 consent on a brownfield site - Negotiations progressing with anchor tenants
Walthamstow - The Mall	- Opportunity for 65,000 sq ft retail and catering extension - Strong demand for proposed scheme and local authority very supportive

The Waterside Shopping Centre, Lincoln

- 120,000 sq ft: 3 trading levels
- Constructed in 1991
- 40 retailers - £2m+ pa rental
- 2.5 million shoppers YTD

Investment Rationale

- Lincoln: Dominant 'Bulls Eye' catchment

  Top 50 Retail Profile
  - » Tourism
  - » University
  - » BID

  Retail under supply

- Waterside: Good income profile

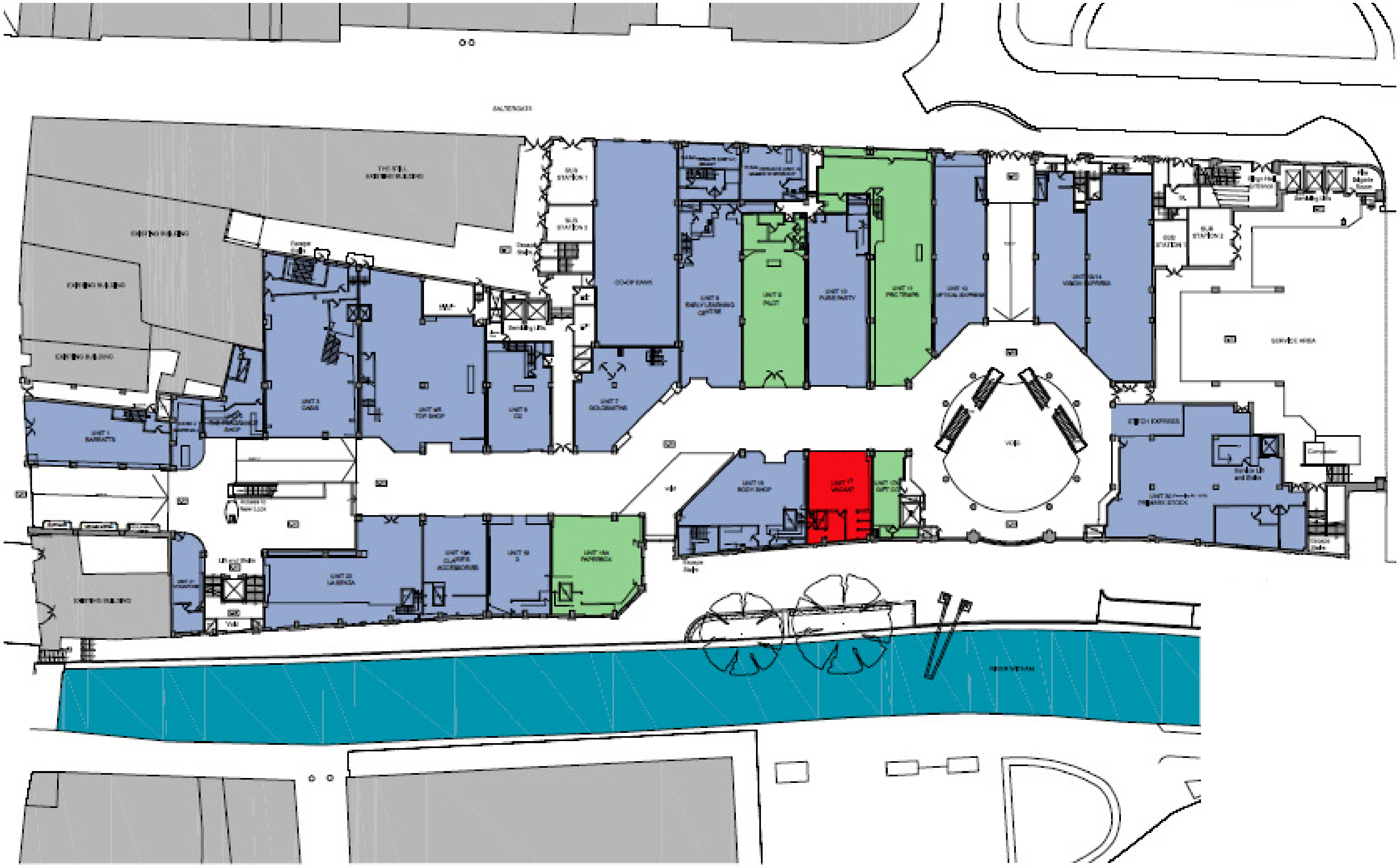
  Flexible reconfiguration options

The Waterside Shopping Centre, Lincoln

KPI Update

• Valuation:	£25.8m (+4%)
• Gross Rent:	£0.79m
• NRI:	£0.67m
• Footfall:	-1% YTD – TopShop refit closure

Main Trading Level: Existing



Reconfiguration Concept

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- Gross space into net revenue
- Improve vertical circulation, environment and sightlines
- Flexible space to demand
- Resonates with wider Lincoln City Master Plan

Progress

- HOTs with two major fashion retailers
- Active discussions with six others
- LA and technical consultations proceed

Programme

- Q1 2012 start on site

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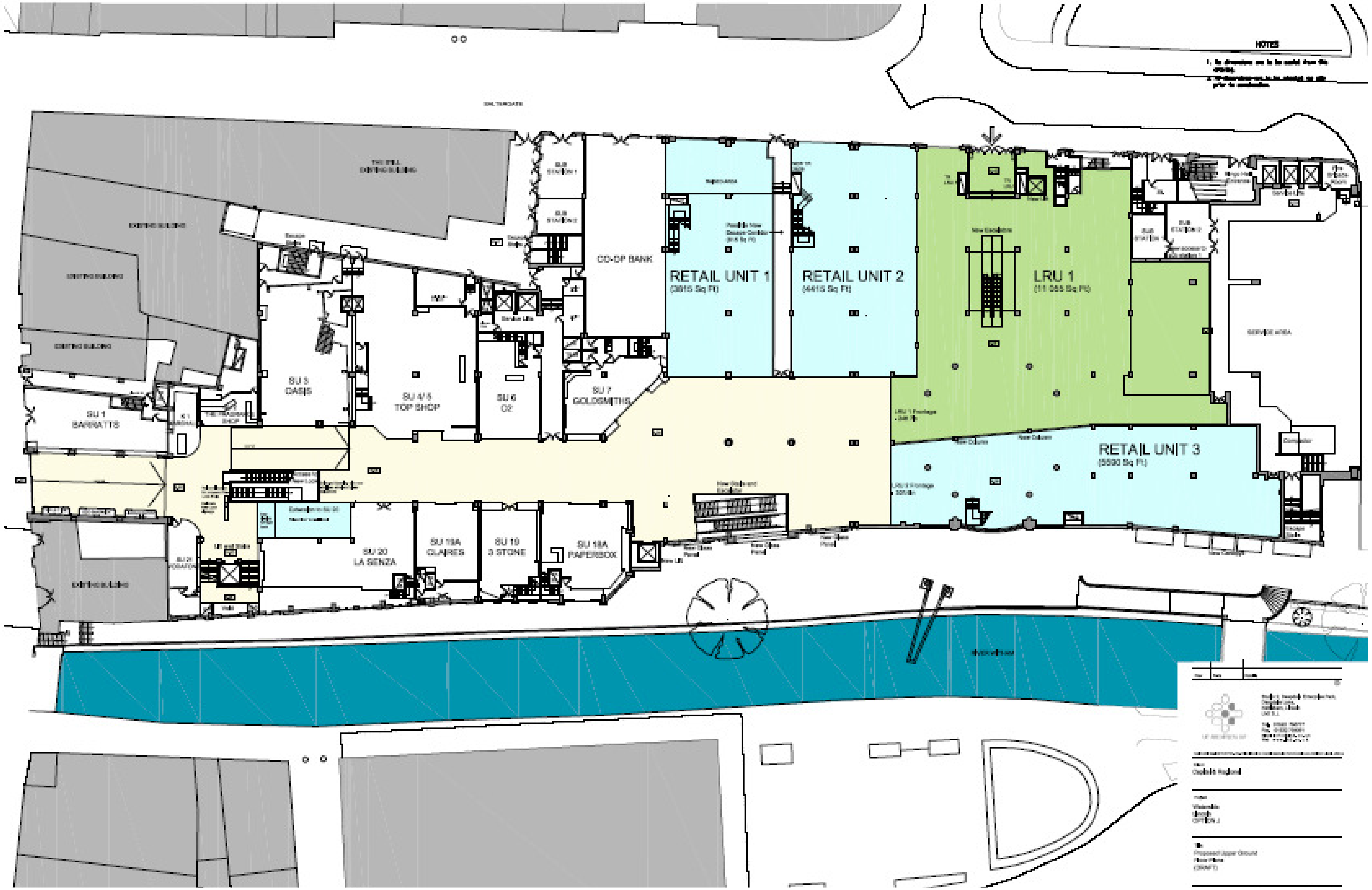
Main Trading Level: Concept



Future Strategy & Outlook

Group Strategy

- Focus as specialist retail property company with emphasis on growth in NAV
- Strategic agenda driven by:
  - Commitment to retail
  - Dynamics of fund life and funding
- Structure for Lincoln acquisition shows:
  - Our strategy of taking significant stakes in new property investments
  - Commitment to leverage in-house property and asset management skills in support of primary focus
  - Access to partner capital as differentiator in ability to grow
- Emphasis on delivering asset management and development pipeline to realise value in the existing portfolio
- Strategic focus on reinforcing presence in shopping centres and retail parks in the UK and Germany. To be financed through reduction in exposure to leisure

Fund Strategy

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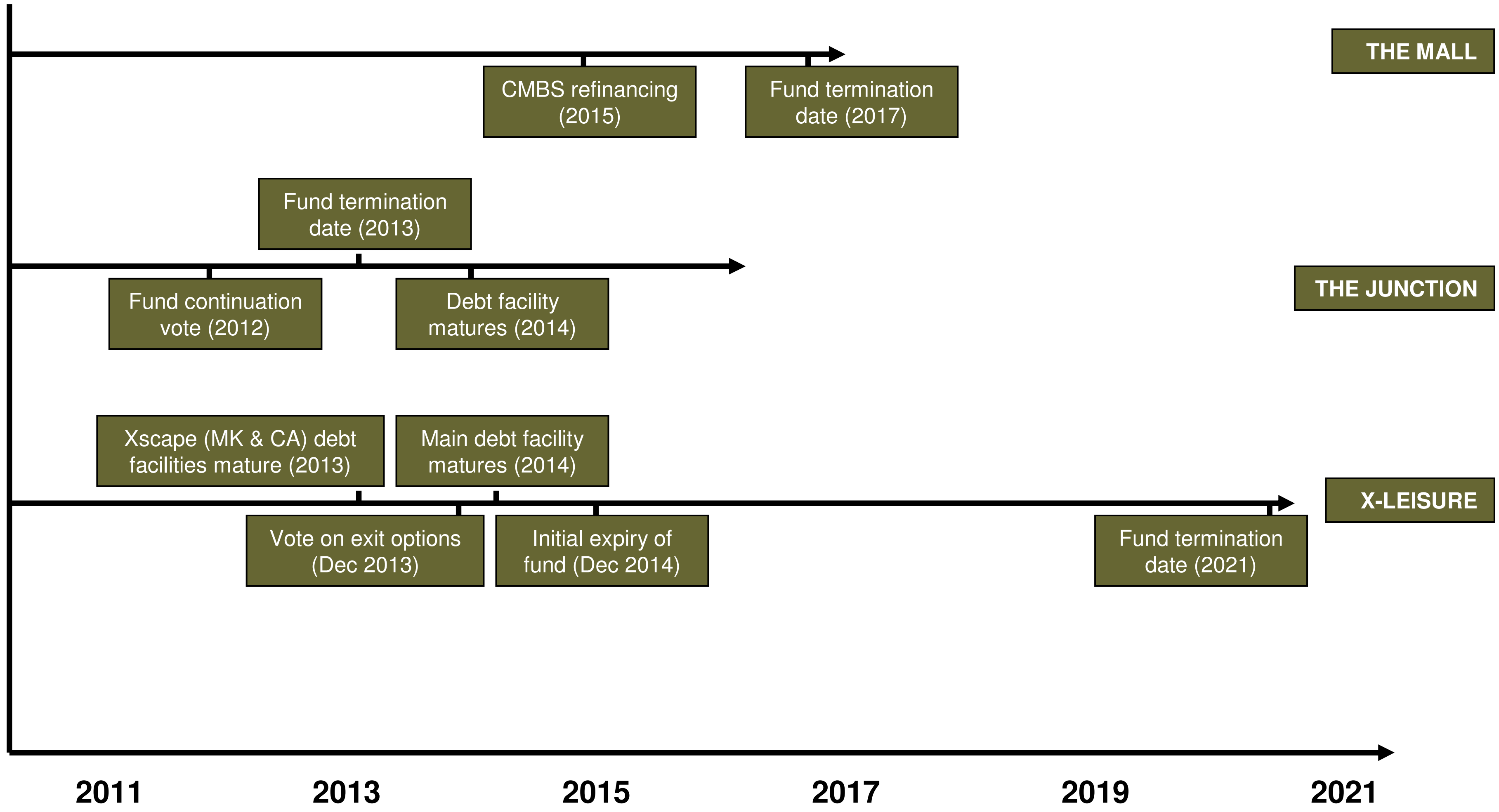
"Liquidity events and financing dynamics shape execution of our strategic agenda"



Outlook

- Following the restructuring of the last two years Capital & Regional is much better placed to deal with the current challenging market conditions
- Retailer led opportunities will drive asset management and development potential for both retail parks and shopping centres
- Longer term equity and debt structure for The Mall under discussion with partners
- Increased deal flow in the retail sector provides opportunity to recycle capital from non core investments subject to meeting necessary return criteria

Questions & Answers

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Forward Looking Statement

This document contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking in nature and are subject to risks and uncertainties.

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